TRANSPORTATION PARTNERSHIPS FUND

FINANCIAL STATEMENTS

For the Year Ending March 31, 2010

Provincial Auditor Saskatchewan

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Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Transportation Partnerships Fund as at March 31, 2010 and the statements of revenue, expenses and changes in net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Transportation Partnerships Fund as at March 31, 2010 and the results of its operations, the changes in net assets, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina Saskatchewan
July 14, 2010

Brian Atkinson, FCA
Acting Provincial Auditor

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2010	2009
Assets		
Current Assets:		
Due from General Revenue Fund (Note 3)	$ 7,258,759	$ 6,784,672
Accounts Receivable	267,882	1,778,695
	$ 7,526,641	$ 8,563,367
Long Term Assets:		
Loans Receivable Less Concessionary Allowance (Note 5)	1,932,702	1,387,060
	$ 9,459,343	$ 9,950,427
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	$ 267,196	$ 304,538
Net Assets (Statement 2)	$ 9,192,147	$ 9,645,889

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
For The Year Ended March 31

	2010 Budget	2010 Actual	2009 Actual
Revenue			
Transportation Partnerships Agreements	$ 100,000	$ 1,962,086	$ 3,473,304
Interest Revenue (Note 3)	12,000	19,992	199,582
Amortization of Loan Discount (Note 5)	81,000	99,807	45,464
Other Revenue	46,000	30,380	116,916
Total Revenue	$ 239,000	$ 2,112,265	$ 3,835,266
Expenses			
Highway Improvement Projects (Note 4)	$ 2,000,000	$ 2,203,781	$ 5,943,956
General Transfers	366,000	307,032	389,967
Technology Manufacturing Costs	10,000	5,194	13,029
Administrative Expenses (Note 4)	50,000	50,000	50,000
Total Expense	$ 2,426,000	$ 2,566,007	$ 6,396,952
Surplus (Deficit) for the year	$ (2,187,000)	$ (453,742)	$ (2,561,686)
Net Assets, beginning of year	9,645,889	9,645,889	12,207,575
Net Assets, end of year (Statement 1)	$ 7,458,889	$ 9,192,147	$ 9,645,889

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2010	2009
Cash flows from (used in) operating activities:		
Cash Receipts From Transportation Companies	$ 3,457,416	$ 3,307,083
Cash Receipts From Other Revenue	30,380	96,071
Cash Receipts From Short-Line Railways	83,333	83,333
Interest Received	35,475	265,614
Cash Paid For Highway Improvement Projects	(2,241,123)	(5,810,045)
Cash Paid For Manufacturing Costs	(5,194)	(13,029)
Cash Loans Paid To Short-Line Railways	(811,200)	(953,600)
Cash Paid For General Transfers	(25,000)	(57,897)
Cash Paid For Administration	(50,000)	(50,000)
Net Increase (Decrease) in cash	$ 474,087	$ (3,132,470)
Due from General Revenue Fund, beginning of year	6,784,672	9,917,142
Due from General Revenue Fund, end of year	$ 7,258,759	$ 6,784,672

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2010

1. Authority and Definition of Entity

The Transportation Partnerships Fund was established effective July 1, 1997 pursuant to Section 8 of *The Highways and Transportation Act, 1997*. The purpose of the Fund is to generate revenues to be used for highway improvement projects. The Transportation Partnerships Fund generates revenues subject to the terms of trucking partnership agreements, in which the transportation companies pay the Fund a portion of cost savings achieved from being able to haul overweight and/or over dimension loads. Additional revenues are raised through issuing permits and the marketing of transportation related technology and expertise.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Fund is classified as an other government organization. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board. The following accounting principles are considered significant:

a) Revenue recognition –
   I. Transportation Partnerships Agreement revenue - recognized in the period the truck haul savings and fees are realized.
   II. Transfers are recognized as revenue when the Fund has met the eligibility criteria, if any, and a reasonable estimate of the amount can be made.

b) Restricted revenue –
Pursuant to Transportation Partnership Agreements with transportation companies, a portion of revenue received is restricted to highway improvement projects on specified highways.

c) Use of estimates –
These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Due from General Revenue Fund

The monies of the Transportation Partnerships Fund are deposited in the General Revenue Fund. Under this arrangement, earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty day borrowing rate and the Transportation Partnerships Fund's average daily bank account balance. The effective interest in the year was 0.27% (2009 – 1.95%).

4. Related Party Transactions

These financial statements include transactions with related parties. The fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown agencies that the Government jointly controls or significantly influences. These transactions are in the normal course of operations and are recorded at agreed upon exchange amounts.

During the year, the Fund was charged $50,000 (2009 - $50,000) by the Ministry of Highways and Infrastructure for salary and administrative expenses.

Transportation Partnerships Agreements Revenue includes $2,000 (2009 - $2,000), from SaskPower, pursuant to a transportation partnership agreement between the Fund and SaskPower.

Transportation Partnerships Agreements Revenue includes $147,500 (2009 - $72,000), from Saskatchewan Government Insurance (SGI), pursuant to a transportation partnership agreement between the Fund and SGI.

Transportation Partnerships Agreements Revenue includes $20,292 (2009 - $18,368), from L & M Wood Products Limited Partnership, pursuant to a transportation partnership agreement between the Fund and L & M Wood Products Limited Partnership.

Transportation Partnerships Agreements Revenue includes $70,128 (2009 - $2,000), from Meadow Lake OSB Limited Partnership, pursuant to a transportation partnership agreement between the Fund and Meadow Lake OSB Limited Partnership.

Highway improvement projects undertaken by the Fund are repairs and betterments to assets of the Ministry of Highways and Infrastructure. Projects of a capital nature totaling $1,395,739 (2009 - $1,335,384) were transferred by the Fund to the Ministry. The Ministry records and amortizes these assets based on Ministry capitalization policies and thresholds.

5. Loans Receivable

The Fund provided loans of $811,200 in 2010 (2009 loans - $953,600; Total loans advanced to date - $2.893 million) in financial assistance to eligible Short Line Railway companies under *The Railway Line (Short Line) Financial Assistance Regulations*. The loans are interest free and to be paid back over 15 years, with the first repayment due in the fourth year.

The loans are accounted for as a discounted loan on the Statement of Financial Position. Due to the concessionary nature of the loan, the Fund recognized a discount of $282,032 in 2010 (2009 - $332,070) as the grant portion of the total loan advanced based on an interest rate of 4.74% in 2010. A concessionary allowance has been recorded and will be amortized to revenue over the term of the loan. The total concessionary allowance balance is $720,098 in 2010 (2009 - $537,874).

No valuation allowance was established in the current year. An allowance will be recorded if at any point the loan is not considered payable in full.

Short Line Rail Loan
Continuity Schedule
March 31, 2010

Company Name	Loan Beginning Balance	Loan Additions	Loan Repayments	Loan Ending Balance
Westcan Rail (Sask.) Ltd.	733,333		73,333	660,000
Fife Lake Railway Ltd.	110,000		10,000	100,000
Torch River Rail Inc	128,000		-	128,000
Great Sandhills	953,600		-	953,600
Last Mountain Rail	-	811,200	-	811,200
	1,924,933	**811,200**	**83,333**	**2,652,800**

Company Name	Concessionary Allowance Beginning Balance	Concessionary Allowance Addition	Concessionary Allowance Amortization	Concessionary Allowance Ending Balance	Net Balance
Westcan Rail (Sask.) Ltd.	144,154		24,716	119,438	**540,562**
Fife Lake Railway Ltd.	25,155		4,561	20,594	**79,406**
Torch River Rail Inc	37,916		5,440	32,476	**95,524**
Great Sandhills	330,648		43,969	286,679	**666,921**
Last Mountain Rail	-	282,032	21,121	260,911	**550,289**
	537,873	**282,032**	**99,807**	**720,098**	**1,932,702**

6. Comparative Figures

Certain prior year figures have been reclassified to conform to the current year presentation.